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September 13, 2005

BY E-FILE AND OVERNIGHT DELIVERY

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

Re: D.T.E. 01-106-B

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find an original and six (6) copies of Bay State's responses to the information requests issued in this docket on September 2, 2005.

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Jeannie Voveris, Senior Counsel  
Elizabeth A. Cellucci, Hearing Officer  
Robert Sydney, Esq., DOER

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE  
FIRST SET OF INFORMATION REQUESTS FROM D.T.E.  
D.T.E. 01-106-B

Date: September 13, 2005

Witness Responsible: Joseph A. Ferro

DTE 1-1: On an individual company basis, please provide the amount of low-income discount that is currently included in base rates. Provide a citation to the company's last base rate proceeding or settlement where this amount was established. Provide the number of customers on each low-income discount rate at the end of the test year that was used in the company's last base rate proceeding or settlement. Provide the number of customers on each low-income discount rate as of August 1, 2005. In addition, provide the total consumption of the low-income customers for each low-income rate class.

RESPONSE: The amount of low-income discount that is currently in base rates was established in the Company's revenue neutral rate redesign case, D.P.U. 95-52 / 95-104, in which the Company unbundled its rates. The requested information is provided in Table DTE 1-1 (A):

**TABLE DTE 1-1 (A)**

**D.P.U. 95-104: Test Year 1994; Rates Effective Jan. 1, 1996**

Rate	Discount \$\$ <b>1/</b>	No. of Customers <b>2/</b>
R-2 – Non-heating	\$250,000	2,143
R-4 -- Heating	\$3,900,000	15,709

The number of customers and associated consumption (annual) of the two low-income discount rate classes as of August 1, 2005 are included in Table DTE 1-1 (B):

**TABLE DTE 1-1 (A)**

Rate	No. of Customers <b>2/</b>	Annual Therm Cons.
R-2 – Non-heating	1,476	52,722
R-4 -- Heating	15,832	2,665,236

**1/** Approximate, based on initial filing versus rate worksheet "for Settlement only."

**2/** Number of customers represents cumulative annual number divided by 12.

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DTE 1-2: On an individual company basis, please provide the amount of low-income discount that was included in base rates when the company's rates were unbundled. Also, provide the number of customers on each low-income discount rate as of the date that the company's rates were unbundled.

RESPONSE: Please see response to DTE-1-1, regarding data in connection with D.P.U. 95-104.

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DTE 1-3: Please discuss which interest rate is appropriate to apply to any over- or under- recovery that results from a cost recovery mechanism.

RESPONSE:

It would be consistent with the Company's other recovery mechanisms governed by its tariffs, including within its CGAC and LDAC, to use the prime interest rate to compute monthly carrying costs on any over- or under-recoveries for this cost recovery program. The incremental discount revenues versus the recovery of such revenue shortfall resulting from the increased participation in the residential discount program create current deferred "costs" that is similar to other deferred costs. These deferred costs are affected by the time value of money. Thus, the Company feels it is appropriate to use the consensus prime rate as reported in the Wall Street Journal, the same provision as is set out in the Company's proposed CGAC and LDAC.

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DTE 1-4: Please provide a detailed explanation of the company's existing traditional outreach methods (i.e., not including the computer matching program) to ensure that the low-income discount rate is available to eligible customers. How often is each method of outreach conducted? What is the protocol for signing up new customers for the low-income discount rate under these traditional outreach methods? What is the protocol for removing customers from the low-income rate under traditional outreach methods?

RESPONSE: The Company representative who is responsible for Massachusetts low-income outreach programs is out of the country until the week of September 19, 2005. Bay State will supplement its response to this question as soon as they return. See also the Company's response to DTE-1-5.

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DTE 1-5: Please provide a detailed explanation of how customers are recertified as eligible for the low-income discount rate each year under the traditional outreach process. How often does the recertification process occur? Are customers removed from the low-income discount rate until the customer confirms that he/she continues to be eligible for the low-income discount rate? If so, how are these customers tracked?

RESPONSE: The following is the most currently available write-up of the Company's low-income eligibility process. Bay State is in the process of updating it, and will forward to the Department a revision as soon as it is available.

Welfare Low-Income Rate Eligibility Process (BS-264)

The Department of Welfare sends to a mailing service, a tape listing all customers who recently became eligible for any type of welfare benefit. A letter informing the customer of the Bay State Gas low-income gas service rate, with an application attached for the customer to apply and a self-addressed, postage paid envelope with the Brockton, Springfield, Lawrence, or Westborough return address, is mailed to each customer.

Once Bay State receives the completed applications, the CSRs review them to verify completeness and accuracy (a comparison is performed with the social security number on the application to the social security number on the account). If the application is not complete, form letter #133 is mailed out to the customer.

If the application is complete and accurate, it is batched and sent to data entry. Key customer and account information is entered into the system. The account is flagged as being on welfare, the welfare status code is set to 'A' (active), and the welfare benefit type code is entered.

Bay State generates a report of those social security numbers from the low-income rate application that do not match the social security number listed on the customer account. If the social security number is different, but the name is the same, a CSR will update the social security number in the system. If the customer's name in the system does not match with the name on the application and the account balance is current, a CSR will send a letter to the customer notifying that the assistance was denied. If the customer's name in the system does not match the name on the application and the account balance is in arrears, a CSR will generate a letter asking the customer to come into the office for a name change and to sign a *Cromwell Waiver*.

If a customer claims they are receiving welfare, but are not on the low-income rate, an application is mailed to them. When the customer returns the application, the welfare status code on their account is set to 'P' (pending). Once a month, a batch program runs and generates a file of all 'P' welfare status accounts. The file contains social security numbers only and is sent via a disk to the Department of Welfare. The Department sends back a hard copy report that lists the social security numbers under the heading status of 'Active', 'Closed', or 'No-match' for each customer. If the social security number is found to be an active welfare recipient, the type of assistance is also provided in the hard copy report. The hard copy report is sent to data entry, which keys in the social security numbers and the appropriate status. An 'A' (active) status would check the account bill rate. If the rate is not on the low-income rate, a rate change transaction is generated. Closed and no-matches would be updated to a 'D' (denied) with a denial letter (#135) generated to the customer.

Every April 1, Bay State sends the Department of Welfare a tape of all active status customers SSNs (except veterans type welfare recipients with a welfare type code of 'V') who are receiving the low-income rate. A tape is returned with a listing of those customers who are no longer eligible to receive the low-income rate. The tape runs against Bay State's database and automatically updates the program status code to 'X' (expired). When this status changes, the rate is changed back to the normal rate, and a letter generated to the customer. Otherwise, all other customers are considered re-certified and remain with a status of 'A'.

Prior to removing the rate, a check is performed against the Fuel Assistance status. If the Fuel Assistance status is 'A', the rate is not removed.

If a customer moves within the service territory, the welfare status code, low-income rate, and welfare assistance type stays with the customer and is updated on the new account.

Customers on the low-income rate are excluded from the collection termination process during the Winter Moratorium.

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DTE 1-6: Are customers that are located via traditional outreach methods enrolled on the low-income discount rate as of the date that they apply for the rate or as of the date that the application is confirmed or approved?

RESPONSE: Bay State's eligible low-income customers that are located via traditional outreach methods are enrolled and begin being billed on the new low-income rate on the day the Company receives the completed application.



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DTE 1-7: Please provide copies of each report submitted to the Commonwealth of Massachusetts Division of Energy Resources, pursuant to G.L. c. 164, § 1F(4)(l), since March 1, 1998, regarding the company's "outreach activities and results."

RESPONSE: Gas utilities are not required to file annual reports to the MA Division of Energy Resources regarding low-income outreach activities pursuant to G.L. c. 164, § 1F(4)(l). Accordingly, Bay State does not have any copies of these reports to submit as part of this response.

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DTE 1-8: For each of the last twelve months, please provide the total number of low-income customers, the number of customers added to the low-income discount rate in each month and the number of customers removed from the low-income discount rate in each month

RESPONSE: Please see Table DTE-1-8 for the requested information.

Table DTE-1-8

	NonHeat	Heat	Totals	Diff from Prev Month
Jul-04	1567	16804	18371	
Aug-04	1526	16353	17879	492
Sep-04	1490	15914	17404	475
Oct-04	1476	15741	17217	187
Nov-04	1441	15705	17146	71
Dec-04	1587	15944	17531	-385
Jan-05	1632	16503	18135	-604
Feb-05	1632	17247	18879	-744
Mar-05	1853	17759	19612	-733
Apr-05	1401	15256	16657	2955
May-05	1393	16370	17763	-1106
Jun-05	1375	16344	17719	44
Jul-05	1400	16138	17538	181